

SECRET**THE DIRECTOR OF CENTRAL INTELLIGENCE**

WASHINGTON, D. C. 20505

National Intelligence Officers

25 May 1979
NFAC 2796-79

MEMORANDUM FOR: Director of Central Intelligence

VIA : Robert R. Bowie
Director, National Foreign Assessment CenterRichard Lehman
National Intelligence Officer for WarningFROM : Joe L. Zaring
National Intelligence Officer for Western Europe

SUBJECT : Monthly Warning Assessment: Western Europe

TURKEY

1. No let-up is in sight to Turkey's afflictions. On the economic front, bridging aid could ease the immediate foreign exchange crunch, but Ecevit's capacity to follow through remains very much in doubt. Without a moratorium, or further substantial loans, there is a good chance of default on the massive foreign debt. Violence -- more frequently directed at members of the Turkish elite and US personnel -- is still rising. The military is leaning hard on the Prime Minister in insisting on tougher enforcement of martial law, and there is more talk of a need for "reform". We still cannot be certain when -- or even if -- Ecevit will be toppled and what would follow. The drift, however, is toward some non-party arrangement, a growing military role, and perhaps ultimately, some sacrifice of democratic principles. []

ITALY

2. Although most observers do not expect large shifts in party standings in the 3-4 June elections, voter abstentions, a strong showing by the Radicals, continuing violence, and other such contingencies could produce larger than usual fluctuations. In any case, something like the present government -- perhaps headed by Andreotti -- is likely to remain in place until the key parties sort out their positions and come to terms with the

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sharp factional differences (and leadership struggles) that prevail in most of them. This interlude will provide no escape, however, from the real issue of the election: what kind of accommodation the Christian Democrats and Communists are going to work out for the future governance of the country. Those Christian Democrats who have taken a no-further-concessions line in the campaign have yet to demonstrate how they will put together a workable government without some measure of Communist support. []

SPAIN

3. Earlier reports that Suarez was prepared to make far-reaching concessions to Basque autonomy have not thus far been followed up with action. Unless he moves soon, a peaceful solution to the region's demands may become impossible. Basque moderates are daily losing ground to extremists who threaten massive campaigns of civil disobedience which, in such a highly charged atmosphere, could lead to rapid unravelling of public order in the region. Meanwhile, the jockeying for leadership of the Socialist Party following the partial victory of the radicals at the recent party congress together with a growing arrogance on the part of Suarez are putting a heavy burden on the consensus-building process that has characterized the post-Franco transition period until now. []

PORTUGAL

4. The Mota Pinto government is not likely to survive much beyond the June budget debates. Another presidentially-supported or a new party-supported government may stave off elections until 1980 when they will have to be held anyway, but we cannot be sure, given the byzantine maneuverings of both the President and party leaders. Until cooperation between the President and parties is restored, the post-Revolution system cannot be made to work with any effectiveness. Indeed, the public generally as well as important elements of it -- such as the military and the business community -- seem increasingly less convinced that the new system is better than the old one. []

FRANCE

5. Despite the severe strains that the elections to the European Parliament have put on Giscard's coalition, most observers now see -- at most -- only an outside chance that Gaullist leader Chirac might withdraw his party's support and provoke new elections. To run the risk that such elections might result in the leftist victory that was avoided only a year ago seems too daring even for the ambitious [] Chirac -- and certainly for his fellow party leaders. []

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BERLIN

6. The Allied authorities have considered the possibility that the USSR and East Germany will react sharply to West Berlin's participation in the European Parliament elections. Neither they nor we consider it likely that Moscow will allow any such reaction -- such as interference with access to West Berlin -- to go far enough to disturb the favorable atmosphere for the SALT II signing. It is somewhat more likely that East Berlin might use the dispute as an excuse for measures already contemplated -- such as new and more onerous currency conversion requirements for West German visitors.

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MISCELLANEOUS

7. The warning group also discussed the following subjects, but did not consider it necessary to report on them at this time:

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-- Greek unhappiness with the increased US interest in and support of Turkey; and

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